

Script
**THE EFFECT OF CORPORATE GOVERNANCE PERCEPTION INDEX
AND CORPORATE SOCIAL RESPONSIBILITY ON FIRM VALUE
WITH GOOD CORPORATE GOVERNANCE MECHANISM AS
MODERATING VARIABLE ON PARTICIPANT
COMPANIES OF CGPI 2009-2012**



Created by :

Masayu Silvia Fitrianti

01101003056

Accounting

Proposed as one of the requirements to obtain a Bachelor Degree of Economics

MINISTRY OF EDUCATION AND CULTURE

SRIWIJAYA UNIVERSITY

ECONOMICS FACULTY

2014

S
659-662 07

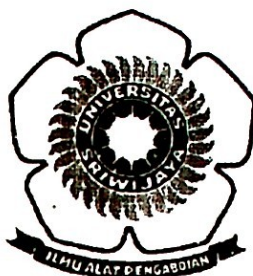
R 26406 / 26966

Mas
t
2014.



Script

**THE EFFECT OF CORPORATE GOVERNANCE PERCEPTION INDEX
AND CORPORATE SOCIAL RESPONSIBILITY ON FIRM VALUE
WITH GOOD CORPORATE GOVERNANCE MECHANISM AS
MODERATING VARIABLE ON PARTICIPANT
COMPANIES OF CGPI 2009-2012**



Created by :

Masayu Silvia Fitrianti

01101003056

Accounting

Proposed as one of the requirements to obtain a Bachelor Degree of Economics

MINISTRY OF EDUCATION AND CULTURE

SRIWIJAYA UNIVERSITY

ECONOMICS FACULTY

2014

MINISTRY OF EDUCATION AND CULTURE
SRIWIJAYA UNIVERSITY
ECONOMIC FACULTY
INDERALAYA

COMPREHENSIVE EXAM APPROVAL LETTER

THE EFFECT OF CORPORATE GOVERNANCE PERCEPTION INDEX AND
CORPORATE SOCIAL RESPONSIBILITY ON FIRM VALUE WITH
GOOD CORPORATE GOVERNANCE MECHANISM AS
MODERATING VARIABLE ON PARTICIPANT
COMPANIES OF CGPI 2009-2012

Composed by :

Name : Masayu Silvia Fitrianti
Student Number : 01101003056
Faculty : Economic
Department : Accounting
Field of Study : Accounting Theory

Has been approved to be tested on comprehensive exam.

Approval Date,

Script Supervisor,
Head,

Acc

Date: July 4th, 2014

Mukhtaruddin, S.E, M.Si, Ak, CA
NIP. 196712101994021001

Member,

Date: June 6th, 2014

Hasni Yusrianti, S.E, M. AAC. Ak
NIP. 197212152003122001

LEMBAR PERSETUJUAN SKRIPSI

THE EFFECT OF CORPORATE GOVERNANCE PERCEPTION INDEX AND CORPORATE
SOCIAL RESPONSIBILITY ON FIRM VALUE WITH GOOD CORPORATE GOVERNANCE
MECHANISM AS MODERATING VARIABLE ON PARTICIPANT COMPANIES OF CGPI
2009-2012

Disusun oleh:

Nama : Masayu Silvia
NIM : 01101003056
Fakultas : Ekonomi
Jurusan : Akuntansi
Bidang Kajian/Konsentrasi : Accounting Theory

Telah diuji dalam ujian komprehensif pada tanggal 17 Juli 2014 dan telah memenuhi syarat untuk diterima.

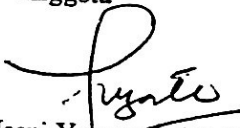
Panitia Ujian Komprehensif
Inderalaya, 17 Juli 2014

Ketua



Mukhtaruddin, SE, M.Si, Ak, CA
NIP.196712101994021001

Anggota



Hasni Yusranti, SE, MAAC, Ak
NIP.197212152003122001

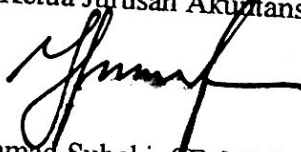
Anggota



Dra. Hj. Kencana Dewi, M.Sc, Ak
NIP. 195707081987032006

Mengetahui,

Ketua Jurusan Akuntansi



Ahmad Subeki, SE, MM, Ak
NIP. 196508161995121001

MOTTO

**“Success is not final, failure is not fatal: it is the courage to continue that counts.” -
Winston S. Churchill**

**“Do not judge me by my successes, judge me by how many times I fell down and got
back up again.” – Nelson Mandela**

**“I believe in me, in my view of the world. I believe in my responsibility, for my own
sins, merit for my own good deeds, determination of my own life. I don’t believe in
miracles, I believe in hard work.” – Philippa Gregory**

This script is dedicated to

- Parents**
- Grand Parents**
- Uncle Azis**
- Brothers and sister**
- Accounting
department**
- Sriwijaya University**

SURAT PERNYATAAN INTEGRITAS KARYA ILMIAH

Yang bertanda tangan dibawah ini:

Nama Mahasiswa : Masayu Silvia Fitrianti
NIM : 01101003056
Jurusan : Akuntansi
Fakultas : Ekonomi

Menyatakan dengan sesungguhnya bahwa Skripsi yang berjudul: The Effect of Corporate Governance Perception Index and Corporate Social Responsibility on Firm Value with Good Corporate Governance Mechanism as Moderating Variable on Participant Companies of CGPI 2009-2012

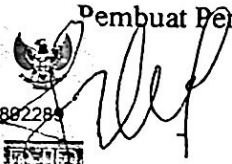

Pembimbing:

Ketua : Mukhtaruddin, SE, M.Si, Ak, CA
Anggota : Hasni Yusrianti, SE, M.AAC, Ak
Tanggal Ujian : 17 Juli 2014

Adalah benar hasil karya sendiri. Dalam skripsi ini tidak ada kutipan hasil karya orang lain yang tidak disebutkan sumbernya.

Demikianlah pernyataan ini Saya buat dengan sebenarnya, dan apabila pernyataan Saya ini tidak benar dikemudian hari, Saya bersedia dicabut predikat kelulusan dan gelar keserjanaan.

Indralaya, 19 Juli 2014

Pembuat Pernyataan,


Masayu Silvia Fitrianti

NIM. 01101003056

PREFACE

Praises be to Allah for His mercy and grace, so that the writer could successfully complete the undergraduate thesis entitled "The Effect of Corporate Governance Perception Index and Corporate Social Responsibility on Firm Value with Good Corporate Governance Mechanism as Moderating Variable on Participant Companies of CGPI 2009-2012". This undergraduate thesis is submitted to fulfill one of the requirements to achieve Economic Bachelor Degree in Sriwijaya University. This undergraduate thesis examines the effect of corporate governance perception index and corporate social responsibility on firm value with institutional ownership, managerial ownership, chief commissioner's education background and audit committee quality.

This undergraduate thesis divided into six chapters; therefore, it would be easier for readers to understand the whole information. The first chapter discussed about the background, problem, objective, and benefits of research. In the second chapter, all related theories, literature reviews, previous researches, theoretical framework, and hypotheses that were used as basis for evaluating research problem in this study are described. In the third chapter, the readers will find the methodology used in this research. In fourth chapter, data of companies and variables are described. The fifth chapter consists of the results of data analysis relating to the object of research. The last chapter concludes everything from the whole research and provided recommendation as inputs for further researcher.

The writer is well aware that in writing this undergraduate thesis is far from perfect in terms of both technical and scientific, that is all of the capabilities and limitations resulting from researcher's knowledge. Therefore, the writer really allows all readers to give their suggestion which can improve its content in order to be made as one of the good examples for the further undergraduate thesis.

Writer,

Masayu Silvia

ACKNOWLEDGEMENT

The first gratefulness is delivered to The Almighty Allah who has been giving His blessing and mercy to the writer to complete the script entitled " The Effect of Corporate Governance Perception Index and Corporate Social Responsibility on Firm Value with Good Corporate Governance Mechanism as Moderating Variable on Participant Companies of CGPI 2009-2012". The writer would like to give her grate gratitude to:

1. Prof. Dr. Hj. Badia Parizade, S.E., M.B.A as Rector of Sriwijaya University
2. Prof. Dr.Taufiq, S.E., M.Si as Dean of Economic Faculty in Sriwijaya University
3. Ahmad Subeki, S.E., MM., Ak, CA as Head of Accounting Major, Economic Faculty in Sriwijaya University
4. Mukhtaruddin, S.E., M. Si., Ak, CA and Hasni Yusrianti, S.E, M. AAC. Ak as my supervisors who were abundantly helpful and offered invaluable assistance, support and guidance. It was a luck for me for having such great lecturers and supervisors like them.
5. All Lecturers of Accounting Major of Economic Faculty who have provided a lot of knowledge and taught variety things to writer. Especially Mam Emilya Yuniartie that has allowed writer to use her measurement of CSR in my research.

6. Deepest gratitude to my beloved parents that has looked after me since the first time writer breath until now when writer finish undergraduate study in Sriwijaya University. Thank you for loving and supporting writer.
7. Writer's big family, especially uncle Azis that has funded writer's study from the beginning until the end of this undergraduate study.
8. M. Fadil Hidayat that has supported and accompanied during the term of study in Sriwijaya University.
9. Writer's best friends, Gusna W Syahputri, Ria Sundari, and Tri Apri Yanti who have shared joy and sorrow during our four years.
10. Lia Mahdi, Dwiky Desiadhi W, and Bintar Alfurqon who has been being writer's bestfriend for eight years.
11. My friends in accounting student who have support and cooperation during study in university.
12. All parties who have helped writer to overcome the constraints in this research that can not be mentioned one by one.
13. Finally, the writer hopes this can provide a benefit to many parties.

Writer,

Masayu Silvia Fitrianti

ABSTRAK

THE EFFECT OF CORPORATE GOVERNANCE PERCEPTION INDEX AND CORPORATE SOCIAL RESPONSIBILITY ON FIRM VALUE WITH GOOD CORPORATE GOVERNANCE MECHANISM AS MODERATING VARIABLE ON PARTICIPANT COMPANIES OF CGPI 2009-2012

Composed By
Masayu Silvia Fitrianti
Mukhtaruddin, S.E, M.Si, Ak, CA
Hasni Yusrianti, S.E, M. AAC. Ak


Penelitian ini bertujuan untuk mengetahui bagaimana pengaruh Corporate Governance Perception Index (CGPI) dan pertanggungjawaban sosial (CSR) terhadap nilai perusahaan dengan mekanisme tata kelola perusahaan sebagai variabel moderasi di perusahaan peserta CGPI 2009-2012. Variabel independen pada penelitian ini adalah CGPI dan CSR. Variabel dependen adalah nilai perusahaan. Sedangkan variabel moderasi pada penelitian ini adalah kepemilikan institusional, kepemilikan manajerial, latar belakang pendidikan ketua komisioner, dan kualitas Komite Audit.

Data yang digunakan adalah data sekunder dari Bursa Efek Indonesia seperti laporan tahunan perusahaan peserta CGPI tahun yang terdaftar tahun 2009-2012. Sampel diseleksi dengan metode purposive sampling. Dari 30 perusahaan peserta CGPI, ada 12 perusahaan yang memenuhi kriteria yang telah ditentukan. Metode pengumpulan data yang digunakan adalah metode dokumentasi dan studi pustaka. Di dalam menganalisis data, metode analisis data yang digunakan pada penelitian ini adalah regresi berganda.


Hasil dari analisis menunjukkan bahwa CGPI berpengaruh positif dan tidak signifikan terhadap nilai perusahaan. CSR berpengaruh positif dan signifikan terhadap nilai perusahaan. Kepemilikan institusional dan kualitas Komite Audit dapat memoderasi hubungan CGPI dan nilai perusahaan. Sedangkan, kepemilikan manajerial dan latar belakang pendidikan ketua komisioner tidak dapat memoderasi hubungan CGPI dan nilai perusahaan. Penelitian ini terbatas dengan CGPI dan CSR tanpa melibatkan faktor finansial perusahaan. CSR dan kualitas Komite Audit menggunakan content analysis sehingga subjektif. Tahun penelitian ini hanya mencakup 4 tahun sedangkan CGPI membutuhkan waktu yang lama untuk direspon oleh stakeholders.

Keyword: Corporate Governance Perception Index, Pertanggungjawaban Sosial, Kepemilikan Institusional, Kepemilikan Manajerial, Latar Belakang Pendidikan Ketua Komisioner, Kualitas Komite Audit, Nilai Perusahaan.

Ketua


Mukhtaruddin, SE, M.Si, Ak, CA
NIP. 196712101994021001

Anggota


Hasni Yusrianti, S.E, MAAC., Ak
NIP. 197212152003122001

Mengetahui,
Ketua Jurusan Akuntansi


Ahmad Subeki, SE, MM, Ak
NIP. 196508161995121001

ABSTRACT

THE EFFECT OF CORPORATE GOVERNANCE PERCEPTION INDEX AND CORPORATE SOCIAL RESPONSIBILITY ON FIRM VALUE WITH GOOD CORPORATE GOVERNANCE MECHANISM AS MODERATING VARIABLE ON PARTICIPANT COMPANIES OF CGPI 2009-2012

Masayu Silvia Fitrianti
Mukhtaruddin, S.E, M.Si, Ak, CA
Hasni Yusrianti, S.E, M. AAC. Ak

This study aims to investigate how the Corporate Governance Perception Index (CGPI) and social responsibility (CSR) affect firm value with corporate governance mechanisms as moderating variable on participants companies of CGPI 2009-2012. The independent variables of this research are CGPI and CSR, dependent variable is firm value, while the moderating variables are institutional ownership, managerial ownership, chief commissioner's education background, and audit committee quality.

Data used in this research is secondary data from Indonesia Stock Exchange i.e. annual report of participant companies of CGPI 2009-2012. The samples are selected by purposive sampling method. From 30 participant companies of CGPI, there were 12 companies that meet the specified criteria. Method of collecting data is documentation and library studies method. In analyzing the data, method of data analysis used in this study is multiple regression analysis.

The results of analysis shows CGPI positively and insignificantly affects on firm value. CSR positively and significantly affects on the firm value. Institutional ownership and quality of audit committee can moderate the relationship of CGPI and firm value. Meanwhile, managerial ownership and educational background of chief commissioner can not moderate the relationship CGPI and firm value. The independent variables are limited to CGPI and CSR without involving financial factors that may affect. Assessment of CSR and quality of audit committee is subjective because the analysis is done using content analysis. This analysis also covered only 4 year research while CGPI takes time to be responded by stakeholders.

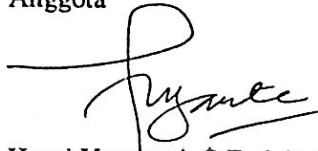
Keywords: Corporate Governance Perception Index, Social Responsibility, Institutional Ownership, Managerial Ownership, Background Education Commissioner General, Audit Committee Quality, Value Enterprise

Ketua



Mukhtaruddin, SE, M.Si, Ak, CA
NIP. 196712101994021001

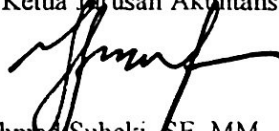
Anggota



Hasni Yusrianti, S.E., MAAC., Ak
NIP. 197212152003122001

Mengarahui,

Ketua Jurusan Akuntansi



Ahmad Subeki, SE, MM, Ak
NIP. 196508161995121001

RESEARCHER RESUME

Name : Masayu Silvia Fitrianti
Gender : Female
Place/Date of Birth : Palembang, April 11, 1993
Religion : Islam
Address : Jl. Mayor Laut Wiratno No.180 RT.10 RW.01 Palembang
Email : masayu_silvia@yahoo.co.id

Formal Education:

Elementary School : SDN 90 Palembang
Junior High School : SMPN 8 Palembang
Senior High School : SMAN5 Palembang

Non Formal Education:

Course of English, Liberty English Course
Course of English, Global English Language Center
Course of English for Adult, LIA
Course of Brevet A and B, Institute of Indonesian Accountant
Training of E-SPT for Personal and Entity Income Tax, Institute of Indonesian Accountant

Organizational Experiences:

Ikatan Mahasiswa Akuntansi
Badan Eksekutif Mahasiswa Fakultas Ekonomi
Ikatan Bujang Gadis Kampus Sumatera Selatan

LIST OF CONTENTS

	Page
TITLE PAGE	i
COMPREHENSIVE EXAM APPROVAL PAGE	ii
SCRIPT APPROVAL PAGE	iii
MOTTO	Iv
STATEMENT OF RESEARCH INTEGRITY.....	V
PREFACE	Vi
ACKNOWLEDGEMENT.....	Vii
ABSTRAK	Ix
ABSTRACT	X
RESEARCHER RESUME	Xi
LIST OF CONTENT.....	Xii
LIST OF TABLES	Xiv
LIST OF FIGURES	Xv
LIST OF APPENDICES	xvi
 CHAPTER I. INTRODUCTION	 1
1.1. Research Background	1
1.2. Research Problem	10
1.3. Research Objective	11
1.4. Research Benefit	11
 CHAPTER II. LITERATURE STUDY	 12
2.1. Basic Theory	12
2.1.1. Agency Theory	12
2.1.2. Stakeholder Theory	14
2.2. Theoretical Description	14
2.2.1. Corporate Governance Perception Index.....	16
2.2.2. Corporate Social Responsibility	18

2.2.3.	Firm Value	20
2.3.	Previous Research	22
2.4.	Hypothesis and Theoretical Framework.....	24
2.4.1.	Corporate Governance Perception Index and Firm Value...	24
2.4.2.	Institutional Ownership Moderates Corporate Governance Perception Index and firm value	25
2.4.3.	Managerial Ownership Moderates Corporate Governance Perception Index and Firm Value	27
2.4.4.	Educational Background of Main Commissioner Board Moderates Corporate Governance Perception Index and firm value	28
2.4.5.	Quality of Audit Committee Moderates Corporate Governance Perception Index and firm value	29
2.4.6.	Corporate Social Responsibility and Firm Value.....	30
2.4.7.	Theoretical Framework	32
CHAPTER III. RESEARCH METHODOLOGY		33
3.1.	Population and Sample	33
3.2.	Data Type and Source	34
3.3.	Data Collecting Method	35
3.4.	Variable and Measurement	35
3.4.1.	Dependent Variable –Firm Value	35
3.4.2.	Independent Variable – CGPI	36
3.4.3.	Independent Variable – CSR	37
3.4.4.	Moderating Variable – Institutional Ownership	38
3.4.5.	Moderating Variable – Managerial Ownership	38
3.4.6.	Moderating Variable – Chief Commissioner’s Education Backgorund	38
3.4.7.	Moderating Variable - Committee Audit Quality	38
3.5.	Analysis Technique	45
3.5.1.	Descriptive Statistics Analysis	45

3.5.3. Regression Analysis	46
CHAPTER IV. DESCRIPTION OF SAMPLE DATA	49
4.1. Description of Research Object	49
4.2. Description of Research Variable.....	50
4.2.1. Corporate Governance Perception Index	50
4.2.2. Corporate Social Responsibility.....	51
4.2.3. Institutional Ownership.....	53
4.2.4. Managerial Ownership	54
4.2.5. Chief Commissioner's Education Background.....	54
4.2.6. Quality of Audit Committee	55
4.2.7. Firm Value	57
CHAPTER V. RESULT AND DISCUSSION	59
5.1. Data Analysis	59
5.1.1. Descriptive Statistics Analysis	59
5.1.2. Multiple Regression Analysis	61
5.1.3.1. Coefficient of Determination (R^2)	61
5.1.3.2. Simultaneous Significant Test (F-Test)	63
5.1.3.3. Partial Significant Test (t-Test)	64
5.1.3. Hypothesis Test	67
5.2. Discussion	74
CHAPTER VI. CONCLUSION	88
5.1. Conclusion	88
5.2. Limitation	89
5.3. Suggestion	89
REFERENCES	90
APPENDICES	91

LIST OF TABLES

Table	Text	Page
Table 3.1.	Disclosure List of CSR.....	36
Table 3.2.	Scoring of Audit Committee Quality.....	38
Table 3.3.	Operational Variable.....	42
Table 4.1.	Selection of The Sample Size.....	49
Table 4.2.	Criteria of Firm Size	46
Table 4.3.	Classification of Type of Industry.....	49
Table 5.1.	Descriptive Statistics Analysis.....	54
Table 5.2.	Result of Multicollinearity Test.....	57
Table 5.3.	One-Sample Kolmogorov-Smirnov Test.....	60
Table 5.4.	Auto Correlation Test Result.....	61
Table 5.5.	Coefficient of Determination.....	62
Table 5.6.	F-Test.....	63
Table 5.7.	Output of Regression Analysis.....	64

LIST OF PICTURES

Figure	Text	Page
<hr/>		
Figure 2.1.	Theoritical Framework.....	32

LIST OF APPENDICES

Appendix	Text	Page
Appendix 1.	List of Sample Companies	94
Appendix 2.	Data of CGPI.....	95
Appendix 3.	Data of CSR.....	96
Appendix 4.	Institutional Ownership.....	97
Appendix 5.	Managerial Ownership.....	98
Appendix 6.	Chief Commissioner's Education Background.....	99
Appendix 7.	Quality of Audit Committee.....	100
Appendix 8.	Firm Value.....	110
Appendix 9.	SPSS Output Result.....	111



CHAPTER 1

PREFACE

1.1. Background

Establishment of a company has a clear purpose. There are a few things to vent about the purpose of establishing a company. The first goal of the company is to achieve maximum profitability or profit maximization. The second purpose of the company is to prosper the company owners or shareholders (stockholders). While the company's third goal is to maximize the firm value reflected in its stock price. The third goal of the company is actually not much different substantially. It's just that the emphasis is to be achieved by each company differ from each other (Martono and Harjito, 2005).

In general, the financial factor is the key that will affect the firm value. Financial factors talked about how companies raise funds, obtain funds and allocate those funds to be efficient in its use. But today, in assessing the performance of a company is not only judging from financial factors only, but also the non-financial factors that also have very significant influence on the performance of companies that have an impact on firm value in the perspective of investors.

Corporate social responsibility and good corporate governance are non-financial factors that now need to be considered by the company. Daniri (2009) stated that the implementation of corporate social responsibility in Indonesia is highly depend on the corporate top management, which means policy of

corporate social responsibility is not always guaranteed in line with the vision and mission of the corporation . If the leadership of the company have a high moral sense, it is probable that the corporation operates a policy of corporate social responsibility are true. Conversely, if the boss is only centered orientation to the satisfaction of the interests of shareholders (high productivity, huge profits, high stock value) as well as personal achievement, may be the policy of corporate social responsibility merely cosmetic. Daniri (2009) states that the company understanding of the concept of corporate social responsibility is a diverse one due to the lack of existing literature. Until now, the understanding of corporate social responsibility is still not evenly distributed. Many companies make charity as a form of their corporate social responsibility. Though corporate social responsibility should be a strategic policy with long-term goals and implemented on an ongoing basis.

Simon and Lindgren (2009) suggests that corporate social responsibility produce something positive for everyone involved, if executed with judgment. Corporate social responsibility has created a greater awareness in Indonesia on environmental issues and social issues. Businesses can connect with the local environment and gained a good reputation and legitimacy to run their business. Through the company's corporate social responsibility, company gained security and become more attractive as a company, and in the world market. What may be regarded as a negative effect is the law that requires companies to undertake corporate social responsibility. As a result, some companies conduct corporate social responsibility by giving charity and reckless activities that

create an unhealthy business environment and local communities become dependent on the company. As usual there is no clear definition of the concept of corporate social responsibility, misrepresentation and misunderstanding can easily arise. Therefore, some local communities are expecting the company to improve their living standards, as it is considered as an obligation of the companies.

Corporate social responsibility in Indonesia has become an obligation as expressly stated in the UU of the Republic of Indonesia No. 40 year 2007 on limited company obligation mentioned that the company which is doing business in the field and / or concerned with natural resources required to carry out social and environmental responsibility (Article 74, paragraph 1). Another rule that says corporate social responsibility is the Law of the Republic of Indonesia Number 25 Year 2007 on Investment. Section 15 (b) states that "Every investor is obliged to carry out corporate social responsibility".

Nowadays more and more companies do not like the approach of charity such as the provision of assistance to local organizations and impoverished communities in developing countries, because it is not able to increase the capacity of local communities or empowerment. Community development approach applied since then more and more closer to the concept of empowerment and sustainable development. The principles of good corporate governance, such as fairness, transparency, accountability, and responsibility then became the foundation for measuring the success of corporate social responsibility program.

Disclosure and practices of corporate social responsibility is a logical consequence of the implementation of the concept of good corporate governance, the principle, among others, states that the company needs to consider the interests of their stakeholders, in accordance with existing rules and establish active cooperation with stakeholders for the sake of long-term survival of the company and mechanisms of good corporate governance in the company can be used as the supporting infrastructure and disclosure practices of corporate social responsibility in Indonesia. The corporate governance mechanisms will be able to reduce asymmetry information.

The concept of good corporate governance background by the separation between ownership issues with the management within the company, which is subsequently modeled by agency theory. In the corporate governance mechanism, the separation between ownership and control of the company is a very important effort to achieve good corporate governance.

Riyanto and Toolsema (2007) which examines the corporate social responsibility within the framework of good corporate governance illustrates how social responsibility and the threat of shareholder pressure by activists stress levels affect directors and shareholders. It was given that corporate social responsibility can allow shareholders committed to reduce the effort of supervision and may cause managers to work and try to improve profits as high therefore it can help solve the agency problem.

The Company will disclose the information if such information can enhance shareholder value. The Company may use the information of corporate social responsibility as a company's competitive advantage. Companies that have environmental and social performance will be responded positively by investors through the increased share price. If the company has bad environmental and social performance, it would appear that doubts of investors to respond negatively by the stock price declines (Almilia and Wijayanto, 2007).

Financial ratios are used by investors to determine the market value of the company. The ratio may provide an indication for the management of the investors' assessment of the performance of the company in the past and the future prospects. Tobin's Q ratio assessed can provide the best information to know the firm value, as in Tobin's Q include all the elements of debt and equity shares of the company, not only ordinary shares and not only equity but the entire assets of the company.

Harjoto and Jo research results (2007) found that the disclosure of corporate social responsibility has a positive effect on firm value. Dahlia and Siregar (2009) found that corporate social responsibility activity proved to have a significant effect on the financial performance but had no effect on the market performance of the company. However, contrary to the above results of research and Buchloz Alexander (1978) found no effect between social disclosures with stock prices. In addition, the results of research Islahuddin and Nurlela (2009) also did not find any influence of corporate social responsibility

to corporate value. Rustiarini (2010) revealed that corporate social responsibility and good corporate governance has a positive effect on firm value.

According Nurkhin (2009) companies that have this level of profitability is proxied by a high ROE will reveal information that corporate social responsibility has been done. This may be due to the perception or assumption that the activity of corporate social responsibility is not an activity that is harmful and not beneficial to the survival of the company. Activities of corporate social responsibility are a long-term strategic move that will have a positive effect for the company.

As stated by Alexander and Bucholdz (1978) in Belkaoui and Karpik (1989) that management which is aware of and pay attention to social issues will also submit the necessary capabilities to drive financial performance (Sembiring, 2003).

In Indonesia, the issues related to corporate governance were already widely discussed in the business world, so many sources of corporate governance began to study at the company then developed by the research institute of corporate governance, and one of the information associated with current corporate governance that can be used is corporate governance perception index (CGPI). CGPI index is the result of a research institute organized by The Indonesian Institute for Corporate Governance (IICG) in collaboration with SWA magazine, where CGPI has been made since 2001.

Corporate governance perception index ranking aims to make the best index of every company that has implemented corporate governance. At this time have started many companies that participate in the CGPI such as banking, public companies, State Owned Enterprises (SOEs), provincial enterprises (enterprises). Given the corporate governance perception index expected benefits for management and investors. Such as for the management CGPI useful as an evaluation of the level of corporate governance that have been implemented in the company. As for investors CGPI be useful to know that corporate governance has been applied. Good corporate governance would bring contention for investors that the management company has been managing well so as to improve the expected firm value that will also make increasing the value of shares

In the current development of corporate governance perception index value is information that can be used by investors as a material consideration and the valuation of the stock therefore it can trigger the movement of the company's stock value. With reference to the CGPI, the shareholders expect the improving corporate governance will make the better performance of the company which is expected to provide an increase in the firm value which is reflected in the increase in the company's stock market value.

Some of recent studies have used a broader measure of corporate governance through a composite corporate governance rating, including Gompers et al. (2003) for the U.S., Klapper and Love (2004) for fourteen emerging markets, Durnev and Kim (2002) for twenty seven countries, Bauer

et al. (2003) for the EMU and the U.K.. These studies generally find a positive relationship between governance standards and firm value. But Luo (2004) tried to find another variables that could influence the relationship between corporate governance scorecard and firm value. One of the variables researched is corporate governance mechanism. Luo used insider shareholdings, blockholdings, institutional shareholdings and leverage status to proxy the corporate governance mechanism and examined the firms listed in Index Constituent Rankings FTSE 100 and Index Constituent Rankings FTSE 250 from FTSE European Monthly Review. The result shows that corporate governance mechanism moderates the relationship of corporate governance scorecard and firm value.

In Indonesia, the corporate governance scorecard used is CGPI (Corporate Governance Perception Index). The writer is interested to examine the influence of good corporate governance mechanism to the relationship of corporate governance scorecard and firm value of the company listed in CGPI to see how it results in Indonesia.

Corporate social responsibility is linked closely to good corporate governance. Like two sides of a coin, both have a strong foothold in the business world but related to each other. Oriented corporate social responsibility to the stakeholders is in line with one of the principles of the four main principles of good corporate governance is responsibility. Disclosure to the social aspects, ethical, environmental and sustainability now become a way for companies to communicate the form of accountability to stakeholders.

Sustainability reporting as recommended by the Global Reporting Initiative focused on three aspects of performance, namely economic, environmental and social. These three aspects are known as the Triple Bottom Line. This form of reporting is expected to have a positive relationship between corporate social responsibility, corporate governance and the firm value.

Disclosure of corporate social responsibility and good corporate governance disclosures in Indonesia is no longer a voluntary disclosure, but has become an obligation because it had legal basis those are UU No. 25 year 2007 and UU No 40 Year 2007. However, existing laws have not been accompanied by a basic standard for all companies in Indonesia because of that it is often the misinterpretation of the implementation of corporate social responsibility. Good corporate governance disclosure level companies in Indonesia are still low and there are large differences in previous researches. Inspired by those facts and circumstances, writer is interested in conducting a research entitling **The effect of Corporate Governance Perception Index and Corporate Social Responsibility on Firm value with Good Corporate Governance Mechanism as Moderating Variable on Participant Companies of CGPI 2009-2012**

1.2.Problem Statement

Based on the background above, the problem statements are as follows:

1. How does Corporate Governance Perception Index affect the firm value of participant companies of CGPI 2009-2012?
2. How does Good Corporate Governance moderate the relationship of Corporate Governance Perception Index on firm value of participant companies of CGPI 2009-2012?
3. How does Corporate Social Responsibility affect the firm value of participant companies of CGPI 2009-2012?

1.3.Research Objectives

Based on the problem formulation described above, this study has the following objectives:

1. To investigate the effect of Corporate Governance Perception Index on the firm value of participant companies of CGPI 2009-2012
2. To investigate the effect of Good Corporate Governance on the relationship of Good Corporate Percetion Index on firm value of participant companies of CGPI 2009-2012
3. To investigate the effect of Corporate Governance Perception Index on the firm value of participant companies of CGPI 2009-2012

1.4. Research Benefits

The research is expected to provide benefits to various parties as follows:

1. Regulator

Regulators are expected to impose regulations to require CGPI program to companies listed on the Indonesia Stock Exchange and state-owned companies. Regulators are also expected to require all companies to implement Good Corporate Governance and Corporate Social Responsibility.

2. Investors and Creditors

Investors and creditors are expected to consider the track record of the application of Good Corporate Governance and Corporate Social Responsibility for their investment decisions.

3. Academics and practitioners

Academics and practitioners are expected to develop the concept and implementation measures of the company's Good Corporate Governance and Corporate Social Responsibility.

REFERENCES

- Ahmad, N. N., et al. 2003. Corporate Social Responsibility Disclosure in Malaysia: An Analysis of Annual Reports of KLSE Listed Companies. *Journal of Economics and Management*. 11, No. 1: 51-86.
- Almilia, Luciana, and Dwi Wijayanto. 2007. Pengaruh Environmental Performance dan Environmental Disclosure terhadap Economic Performance, *The 1st Accounting Conference*, September 2007.
- Andriani wiwik, Sukartini, dan Reno Fithri Meuthia, "Pengaruh Kompetensi dan Independensi Dewan Komisaris Terhadap Pelaksanaan Good Corporate Governance", *Accounting and Management Journal*. Vol 2 No. Desember 2, 2007.
- Anggraini, Fr. R. R. 2006. Pengungkapan Informasi Sosial dan Faktor-faktor yang Mempengaruhi Pengungkapan Informasi Sosial dalam Laporan Keuangan Tahunan. *Simposium Nasional Akuntansi IX*. Padang. August 23-26
- Bauer, Rob., Nadja Gunster., dan Roger Otten, 2003. Empirical Evidence on Corporate Governance in Europe : The Effect on Stock Return, Firm Value and Performance, <http://papers.ssrn.com>.
- Belkaoui, A. and Karpik, P.G. 1989, "Determinants Of The Corporate Decision To Disclose Social Information", *Accounting, Auditing & Accountability Journal*, Vol. 2 No. 1, pp. 36-51.
- Daniri, Mas Achmad. 2009. "Standarisasi Tanggung Jawab Sosial Perusahaan". <http://www.madani-ri.com/2009/01/17/standarisasi-tanggung-jawab-sosialperusahaan-bag-i/>.
- Darmawati, D., Khomsiyah, et al. (2004). Hubungan *Corporate Governance* dan Kinerja Perusahaan. *Simposium Nasional Akuntansi, VII*. Denpasar. December 2-3
- Ghozali, I. (2001). *Analisis Multivariate dengan program SPSS*. Edisike 2: Diponegoro University.
- Ghozali and A. Chariri. 2007. *Teori Akuntansi*. Badan Penerbit Universitas Diponegoro : Semarang.

- Haniffa and Cooke., (2005), "The Impact of Culture and Governance on Corporate Social Reporting", *Journal of Accounting and Public Policy*, Elsevier. 391-430.
- Harjoto, Maretno A, and Hoje Jo. 2007. Corporate Governance and Firm Value: The Impact of CSR, *Social Science Research Network*.
- Kusumastuti, Supatmi, and Sastra, (2007), "Pengaruh Board Diversity terhadap Nilai Perusahaan dalam Perspektif Corporate Governance", *Jurnal Ekonomi Manajemen*, Universitas Kristen Petra Surabaya. www.petra.ac.id. 06-09-2008.
- Luo, Lei. 2004. The Determinants of Corporate Governance and the Link Between Corporate Governance and Performance: Evidence from the U.K using a Corporate Governance Scorecard. *Thesis*. School of Business National University of Singapore.
- Martono and Agus Harjito. 2005. *Manajemen Keuangan*. Yogyakarta: Ekonisia.
- Navissi, F., dan Naiker, V. 2006. Institutional Ownership and Corporate Value. *Managerial Finance*, 32 (3), pp.247-56.
- Nurkhin, Ahmad. 2009. Corporate Governance dan Profitabilitas, Pengaruhnya terhadap Pengungkapan Tanggung Jawab Sosial Perusahaan (Studi Empiris pada Perusahaan yang Tercatat di Bursa Efek Indonesia). *Tesis*. Semarang: Diponegoro University
- Nurlela and Islahudin. 2009. Pengaruh *Corporate Social Responsibility* terhadap Nilai Perusahaan dengan Prosentase Kepemilikan Manajemen sebagai Variabel Moderating. *Simposium Nasional Akuntansi XI*. Surabaya. October 16-17.
- Nuswandari, Cahyani. 2009. Pengaruh Corporate Governance Perception Index terhadap Kinerja Perusahaan pada Perusahaan yang Terdaftar di Bursa Efek Jakarta, *Jurnal Bisnis dan Akuntansi*, 16(2), September, 70-84.
- Profil Program Corporate Governance Perception Index 2012 (http://www.iicg.org/asset/doc/Profile%20CGPI%202012%20A_4.pdf. accessed on December 6, 2012)
- Riyanto, E Yohanesdan Linda A. Toolsema. 2007. Corporate Social Responsibility in a Corporate Governance Framework. *SSRN. Id987962*
- Sembiring, Eddy Rismanda. 2005. "Karakteristik Perusahaan dan Pengungkapan Tanggung Jawab Sosial; Studi Empiris pada Perusahaan yang Tercatat di Bursa

Efek Jakarta". *Simposium Nasional Akuntansi VIII*, Solo, September 15– 16, 2005.

Siallagan, Hamonangan and Mas'ud Machfoedz. 2006. Mekanisme Corporate Governance, Kualitas Laba, dan Nilai Perusahaan. *Simposium Nasional Akuntansi IX* Padang.

Simon, Hendeborg and Lindgren Fredrik. 2009. CSR in Indonesia: A qualitative study from a managerial perspective regarding views and other important aspects of CSR in Indonesia. *Student Thesis*. Gotland University, Department of Business Administration

Sudarma.2009. Pengaruh Struktur Kepemilikan Saham Terhadap Nilai Perusahaan (Studi pada Industri Real Estate dan Properti yang Listing di BEJ). *Jurnal Bisnis dan Akuntansi*, September, 41-56.

Sugiarto. 2009. Struktur Modal, Struktur Kepemilikan Perusahaan, Permasalahan Keagenan dan Informasi Asimetri. First Edition .Yogyakarta : Graha Ilmu

Suharli, Michell. 2002. Studi Empiris terhadap Faktor yang Mempengaruhi Nilai Perusahaan pada Perusahaan Go Public di Indonesia. *Jurnal Maksi*, Volume 6 Number 1. January: 23-41.

Tarjo. 2008. "Pengaruh Konsentrasi Kepemilikan Institusional dan Leverage Terhadap Manajemen Laba, Nilai Pemegang saham serta Cost of Equity Capital". *Simposium Nasional Akuntansi XI*. Pontianak.

Wahidahwati. 2002. Pengaruh Kepemilikan Manajerial dan Kepemilikan Institusional pada Kebijakan Utang Perusahaan: Sebuah Perspektif Teori Agensi. *Jurnal Riset Akuntansi Indonesia*, Volume 5 Number 1. January: 1-16.

Waryanto. 2010. Pengaruh Karakteristik *Good Corporate Governance* (GCG) Terhadap Luas Pengungkapan *Corporate Social Responsibility* (CSR) Di Indonesia. *Thesis*. Diponegoro University.

Yuniarti, Emylia.2003. "Pengungkapan Informasi Pertanggungjawaban Sosial pada Perusahaan yang Terdaftar di Bursa Efek Jakarta. *Jurnal Telaah dan Riset Akuntansi*, Volume 1 Number 2, August 2003.